

**Summary and Analysis**  
**NATURAL RESOURCES FY 2003-04**  
**Public Act 147 of 2003 - House Bill 4400**



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**Overview**

The appropriations act for the Department of Natural Resources supports resource protection, conservation, and management programs. The General Fund contribution to resource protection programs is only 11.3% of the total appropriation. Of the \$28.8 million General Fund appropriation for FY 2003-04, nearly \$11.7 million is provided to local governments for payments in lieu of taxes. Nearly all state support comes from license and fee revenue. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

**Summary of Major Budget Issues**

**State Parks** – General Fund support is replaced with restricted fund revenue (\$8.5 million). Fee support is provided from motor vehicle fees and from the State Park Endowment Fund (revenue received from oil and gas royalty payments to the Natural Resources Trust Fund).

**Taxes** – After considerable discussion, the Payments in Lieu of Taxes program is left essentially unchanged. A \$1.4 million reduction in General Fund support was made to reflect the portion of 2004 tax payments related to local and state school taxes.

**FY 2003-04 Recommendations**

	<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Executive</b>	<b>Senate</b>	<b>House</b>	<b>Enacted</b>	<b>Difference: Enacted to 2002-03 YTD</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$0	0.0
<b>Federal</b>	30,427,300	27,806,600	33,706,600	27,806,600	33,706,600	3,279,300	10.8
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	1,793,700	1,871,400	1,871,400	1,871,400	1,871,400	77,700	4.3
<b>Restricted</b>	177,513,900	180,203,500	188,146,600	188,146,600	186,333,700	8,819,800	5.0
<b>GF/GP</b>	41,624,447	28,823,500	30,785,600	30,785,600	28,801,400	(12,823,047)	(30.8)
<b>Gross</b>	<b>\$254,797,247</b>	<b>\$242,142,900</b>	<b>\$257,948,100</b>	<b>\$231,351,800</b>	<b>\$254,151,000</b>	<b>(\$626,247)</b>	<b>(0.3)</b>
<b>FTEs</b>	2,080.5	2,082.5	2,095.5	2,082.5	2,088.5	7.0	0.3

		YTD FY 2002-03 As of 3/6/03	Enacted
<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>			
<b>PROGRAM REDUCTIONS</b>			
<b>1. <i>Payments in Lieu of Taxes</i></b>	<b>Gross</b>	<b>\$9,717,200</b>	<b>(\$1,444,400)</b>
A \$1.4 million reduction in General Fund support was made to reflect the portion of 2004 tax payments related to local and state school taxes.	Restricted	5,742,200	0
	GF/GP	\$3,975,000	(\$1,444,400)
<b>2. <i>Baseline Program Reductions: EO 2002-22</i></b>	<b>Gross</b>	<b>\$252,384,100</b>	<b>(\$1,095,800)</b>
Program reductions would be made to make permanent reductions in the Department's operating budget. Reductions in 2002 were realized through the use of residual Recreation Bond revenue for debt service on 1988 Quality of Life Bonds (Department of Treasury).	Private	1,793,700	0
	Federal	30,427,300	0
	Restricted	176,338,800	0
	GF/GP	\$43,824,300	(\$1,095,600)
<b>3. <i>Marine Safety Grants</i></b>	<b>Gross</b>	<b>\$3,230,000</b>	<b>(\$425,000)</b>
Marine Safety grant funds are reduced. These grants are provided to county sheriffs to partially support the cost of enforcement of watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program.	Restricted	3,230,000	(425,000)
<b>ONE-TIME PROGRAMS &amp; FUNDING ADJUSTMENTS</b>			
<b>4. <i>Federal Land and Water Conservation Fund Grants</i></b>	<b>Gross</b>	<b>\$4,134,000</b>	<b>(\$3,933,000)</b>
The funding level for this grant program is reduced to \$1,000; \$200,000 would continue to be appropriated for administrative costs of this program. The federal allocation for Michigan projects has not been established for FY 2003-04.	Federal	4,134,000	(3,933,000)
<b>5. <i>Treaty Waters and Natural Rivers Program Funding</i></b>	<b>Gross</b>	<b>\$0</b>	<b>\$204,000</b>
Game and Fish Protection Fund is provided to replace General Funds reduced in FY 2002-03.	Restricted	0	204,000
<b>6. <i>Federal Grant for Emerald Ash Borer Eradication</i></b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,500,000</b>
A Federal Grant is included to cover DNR obligations under the statewide strategy to deal with Emerald Ash Borer infestation in Southeast Michigan.	Federal	0	3,500,000
<b>7. <i>Land Sale Fund Elimination</i></b>	<b>Gross</b>	<b>\$1,781,200</b>	<b>(\$1,781,200)</b>
The Land Sale Fund was declared unconstitutional in 2003. Funding is eliminated in 2003-04.	Restricted	1,781,200	(1,781,200)
<b>PROGRAM EXPANSIONS &amp; FUNDING INCREASES</b>			
<b>8. <i>Snowmobile Grants</i></b>	<b>Gross</b>	<b>\$5,480,000</b>	<b>\$1,000,000</b>
The grant amount available for local snowmobile trail contracts is increased.	Restricted	5,480,000	1,000,000
<b>9. <i>Fish Production: Federal Grant Increase</i></b>	<b>Gross</b>	<b>\$24,322,400</b>	<b>\$900,000</b>
The grant level for fisheries programs from the US Department of Interior is increased.	Federal	6,699,400	900,000
	Private	22,300	0
	Restricted	17,396,700	0
	GF/GP	\$204,000	\$0

<b>10. Marine Safety Training Grants</b>	<b>Gross</b>	<b>\$26,770,300</b>	<b>\$0</b>
Additional Federal funds are available for watercraft safety programs.	Federal	2,001,200	400,000
This increase replaces General Fund support.	Restricted	20,611,800	0
	GF/GP	\$4,157,300	(\$400,000)

<b>11. Rural Community Fire Protection Grants</b>	<b>Gross</b>	<b>\$100,000</b>	<b>\$150,000</b>
Additional Federal funds are available for local fire departments.	Federal	100,000	150,000

<b>12. Off Road Vehicle Safety Training</b>	<b>Gross</b>	<b>\$0</b>	<b>\$344,300</b>
The ORV safety education program is transferred from the Department of Education.	Restricted	0	344,300

#### **FEE INCREASES AND OTHER ADJUSTMENTS**

<b>13. State Park Funding Adjustments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Motor Vehicle Permits are increased from \$20 to \$24, and the Daily Permit fee is increased from \$4 to \$6. Park Endowment Fund support is increased by 6.0 million.	Restricted	0	8,546,900
	GF/GP	\$0	(\$8,546,900)

<b>14. Park Improvement Fund Debt Service Payments</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>(\$133,100)</b>
The debt service requirement for bonds sold for improvements at Sterling State Park is less in FY 2003-04.	Restricted	1,200,000	(133,100)

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 207. DIT User Fees – NEW***

Adds requirement for each department to pay a user fee to the Department of Information Technology.

***Sec. 403. Land Transfer Application and Transaction Fees – NEW***

The **House** would authorize the Department to collect fees to cover costs related to the sale or exchange of State land.

***Sec. 1201. Fish and Wildlife Audit Settlement – NEW***

Authorizes \$556,000 to cover audit report exceptions identified in the advisory report dated October 11, 2002.